

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF BILZIN SUMBERG BAENA PRICE & AXELROD LLP
FOR THE TWENTY-SEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Bilzin Sumberg Baena Price & Axelrod LLP for the Twenty-Seventh Interim Period (the "Application").

BACKGROUND

1. Bilzin Sumberg Baena Price & Axelrod LLP ("Bilzin") was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Bilzin seeks approval of fees totaling \$191,792.00 and costs totaling \$119,796.53 for its services from October 1, 2007 through December 31, 2007 (the "Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2006, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330,

Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Bilzin, and received a response from Bilzin, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted the following lodging charges for which more information was needed:

681.32	10/03/07	Lodging Travel to NY . . . 08/27/07-09/26/07
456.86	10/03/07	Lodging Cab fares - travel to Washington/NY . . . ; Matthew Kramer; . . . ; 10/4/2007
681.32	10/04/07	Lodging Travel to NY . . . ; Scott L. Baena; . . . ; Date: 10/4/2007
559.91	10/19/07	Lodging Miami-Washington-Miami; . . . ; Matthew Kramer; . . . ; Date: 10/19/2007
587.67	10/24/07	Lodging Cab Fare - travel to NY; . . . ; Jeffrey Snyder; . . . ; Date: 10/24/2007
357.50	11/01/07	Lodging Hotel Stay - Westlake Village, CA; . . . ; Matthew Kramer; . . . ; Date: 11/6/2007
456.86	11/05/07	Lodging Hotel Stay - Washington, DC . . . Matthew Kramer; . . . ; Date: 11/6/2007
535.23	11/05/07	Lodging Hotel Stay - NYC - . . . Matthew Kramer; Date: 11/6/2007
345.05	11/15/07	Lodging Travel to Chicago . . . Matthew Kramer; . . . ; Date: 11/14/2007

In response to our inquiry, Bilzin provided the following information concerning these charges:

Set forth below is a table that breaks down the (a) room charge and (b) taxes, telephone and other charges for each stay.

DATE	ROOM CHARGE	TAXES, TELEPHONE AND OTHER CHARGES	GUEST NAME	NAME OF HOTEL/LOCATION
10/3/07	\$579.00*	\$102.32	Jay M. Sakalo	London Flat/NY
10/3/07	\$399.00**	\$57.86	Matthew I. Kramer	JW Marriott/ Washington, DC
10/3/07	\$579.00*	\$102.32	Scott L. Baena	London Flat/NY
10/4/07	\$489.00**	\$70.91	Matthew I. Kramer	JW Marriott/ Washington, DC
10/24/07	\$499.00**	\$88.67	Jeffrey I. Snyder	Westin/NY
11/1/07	\$325.00**	\$32.50	Matthew I. Kramer	Four Seasons/ Westlake Village, CA
11/5/07	\$399.00**	\$57.86	Matthew I. Kramer	JW Marriott/ Washington, DC
11/5/07	\$469.00**	\$66.23	Matthew I. Kramer	Hudson/NY
11/15/07	\$299.00**	\$46.05	Matthew I. Kramer	Hyatt Regency/ Chicago

* These charges were incurred in connection with an in-person meeting among the PD Committee, the PI Committee and the Future Claimants' Representative. The hotel was within walking distance of the meeting location and, thus, no additional costs were incurred for taxi fares or other travel. In addition, this was the lowest priced room available at the hotel for the night of the stay.

** Each of these charges was incurred as a result of attendance at depositions during the discovery phase of the PI estimation trial. In each case, the rooms were reserved at the lowest price available at the respective hotel for the night of the stay and was the hotel location that most, if not all, of the professionals who had to travel for the depositions stayed at (with the exception of the Hudson Hotel stay on 11/05/07 explained below). The hotels in question were chosen because they were either the location of the deposition or a business class hotel within walking distance of the deposition location, other than the 11/05/07 stay at the Hudson Hotel in New York by Mr. Kramer. With respect to that stay, the Hudson was not within walking distance of the deposition location, but it was significantly less expensive than any

of the business class hotels located within walking distance of the deposition location. Accordingly, Mr. Kramer stayed at the Hudson that evening.

We understand Bilzin's response. However, it appears to us that one can obtain satisfactory lodging in New York City for \$350.00 per night, plus taxes, in Washington, DC, for \$300.00 per night, plus taxes, and in most other locales for \$250.00 per night, plus taxes. Despite the convenient location of these hotels, we do not believe the response carries Bilzin's burden of proving that these were the least expensive hotels within walking distance of the meetings and depositions in question. Nor do we believe the response establishes that staying at one of these hotels would have been less expensive than staying at a nearby hotel and taking a taxi to the meeting or deposition location. Thus, we are not persuaded that we should deviate from our hotel guidelines, and we recommend the following reductions:

\$579.00 for one night in New York, NY	Reduce by \$229.00
\$399.00 for one night in Washington, DC	Reduce by \$99.00
\$579.00 for one night New York, NY	Reduce by \$229.00
\$489.00 for one night in Washington, DC	Reduce by \$189.00
\$499.00 for one night in New York, NY	Reduce by \$149.00
\$325.00 for one night in Westlake Village, CA	Reduce by \$75.00
\$399.00 for one night in Washington, DC	Reduce by \$99.00
\$469.00 for one night in New York, NY	Reduce by \$119.00
\$299.00 for one night in Chicago	Reduce by \$49.00

Thus, for all items in this paragraph, we recommend a reduction of \$1,237.00 in expenses.

4. In our initial report, we noted the following air fare charges for which more

information was needed:

1,523.80	10/04/07	Airfare Travel to NY; . . .; Scott L. Baena; Date: 10/4/2007
1,649.80	10/04/07	Airfare Travel to NY; . . .; Jay M. Sakalo; Date: 10/4/2007
1,646.80	10/20/07	Airfare Travel to Washington DC; . . .; 9/26/07-10/26/07
2,908.00	10/31/07	Airfare Travel Miami/Los Angeles/ Washington DC/NY; . . .; Date 12/21/2007
689.40	11/26/07	Airfare Travel to Philadelphia; Matthew Kramer; . . .; Date: 11/26/07
689.40	11/26/07	Airfare Travel to Philadelphia; Matthew Kramer; . . .; Date: 11/26/07
1,517.20	11/26/07	Airfare Travel to Philadelphia . . .; Date: 12/21/2007
852.40	11/25/07	Airfare Travel to Philadelphia . . .; Date: 12/27/2007
884.40	11/27/07	Airfare Travel to Philadelphia . . .; Date 12/27/2007

In response to our inquiry, Bilzin provided the following information concerning these charges:

- \$1,523.80, dated 10/4/07. Roundtrip ticket from Miami to NY for Mr. Baena. This fare was booked as a non-refundable "A" class fare, which is a special First-Class fare that is less than a refundable coach class fare.
- \$1,649.80, dated 10/4/07. Roundtrip ticket from Miami to NY for Mr. Sakalo. This fare was booked as a non-refundable "A" class fare, which is a special First-Class fare that is less than a refundable coach class fare.
- \$1,646.80, 10/20/07. Roundtrip ticket on October 2, 2008 from Miami to Washington to New York to Miami for Mr. Kramer. This fare was booked as a non-refundable "A" class fare, which is a special First-Class fare that is less than a refundable coach class fare.
- \$2,908.00, dated 10/31/07. Round trip from Miami to Los Angeles, Los Angeles to Washington and Washington to Miami for Mr. Kramer. This fair

was booked as Coach.

- \$689.40, dated 11/26/07. One way trip from Philadelphia to Ft. Lauderdale for Mr. Kramer booked as Coach.
- \$689.40, dated 11/26/07. One way trip from Philadelphia to Ft. Lauderdale for Mr. Sakalo booked as Coach.
- \$1,517.20, dated 11/26/07. This amount represents two airfares, plus various agency fees. One trip is New York to Miami on November 19, 2008 for Mr. Kramer booked as coach. The second is a one way ticket from Chicago to Miami on November 15, 2007. This fare was booked as a "A" class fare, which is a special First-Class fare that is less than a refundable coach class fare.
- \$852.40, dated 11/25/07. One way trip to Philadelphia for Mr. Kramer booked as Coach.
- \$884.40, dated 11/27/07. One way trip to Philadelphia for Mr. Sakalo. The actual charge for this Coach fare should be \$783.40. Bilzin agrees to a reduction of \$101.00 from the total costs requested on this fare.

Based upon our research, it appears to us that fully refundable, economy class tickets can be purchased for the aforementioned trips, with little advance notice, for the following prices:

Round trip from Miami to New York for \$910.00

Round trip from Miami to Washington, DC, to New York to Miami for \$1,350.00

Round trip from Miami to Los Angeles to Washington, DC, to Miami for \$2,250.00

One-way from Philadelphia to Fort Lauderdale for \$330.00

One-way from New York to Miami for \$500.00

One-way from Chicago to Miami for \$525.00

One-way from Miami to Philadelphia for \$700.00

Thus, we recommend that reimbursement for these fares be reduced as follows:

\$1,523.80 for round trip from Miami to New York	Reduce by \$613.80
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\$1,649.80 for round trip from Miami to New York	Reduce by \$739.80
\$1,646.80 for round trip from Miami to Washington DC to New York to Miami	Reduce by \$296.80
\$2,908.00 for round trip from Miami to Los Angeles to Washington, DC, to Miami	Reduce by \$658.00
\$689.40 for one-way from Philadelphia to Fort Lauderdale	Reduce by \$359.40
\$689.40 for one-way from Philadelphia to Fort Lauderdale	Reduce by \$359.40
\$1,517.20 for one-way from New York to Miami and one- way from Chicago to Miami	Reduce by \$492.20
\$852.40 for one-way from Miami to Philadelphia	Reduce by \$152.40
\$884.40 for one-way from Miami to Philadelphia	Reduce by \$184.40

Thus, for all items in this paragraph, we recommend a reduction of \$3,856.20 in expenses.

5. In our initial report, we noted the following meal charges for which more information was needed:

73.59	10/03/07	Meals Travel to Washington/NY; . . .; Matthew Kramer; . . .; Date: 10/4/2007
52.00	10/04/07	Meals Travel to NY; . . .; Jay M. Sakalo; . . .; Date 10/4/2007

In response to our inquiry, Bilzin provided the following information concerning these charges:

- \$73.59, dated 10/3/07. Lunch and dinner charge for Mr. Kramer at his hotel.
- \$52.00, dated 10/4/07. Breakfast charge for Messrs. Sakalo and Baena at The London Hotel.

It appears to us that one can dine satisfactorily for \$15 for breakfast, \$25 for lunch, and \$50 for dinner. Thus, we accept Bilzin's response with respect to the charge of 10/3/07. However, for the charge of \$52.00 for breakfast for two, we recommend a reduction of \$22.00 in expenses.


CONCLUSION

6. Thus, we recommend approval of \$191,792.00 in fees and \$114,681.33 in expenses (\$119,796.53 minus \$5,115.20) for Bilzin's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: _____



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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 6th day of June, 2008.

Warren H. Smith



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